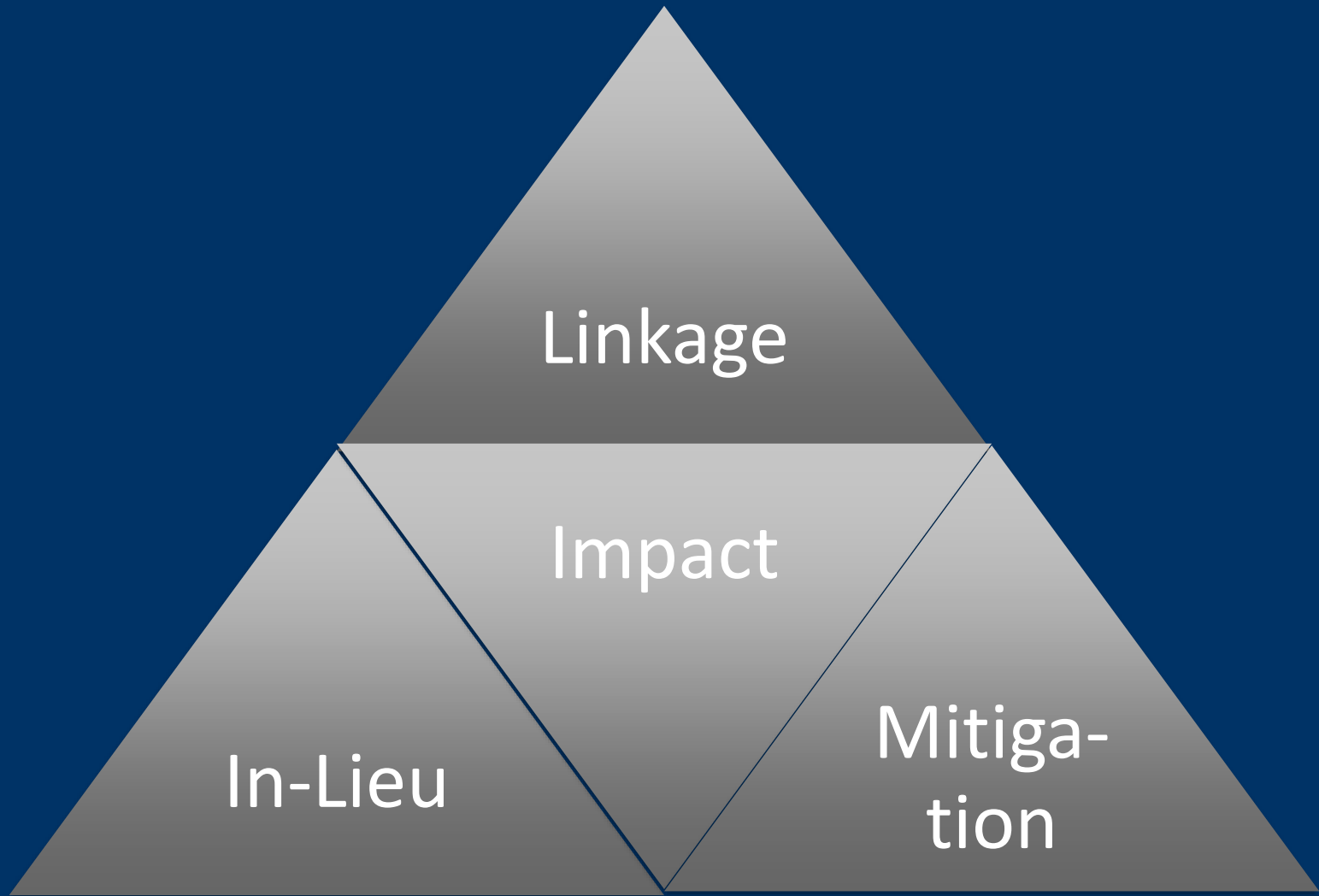


# **Impact Fee Methodology: From Principles to Practice**

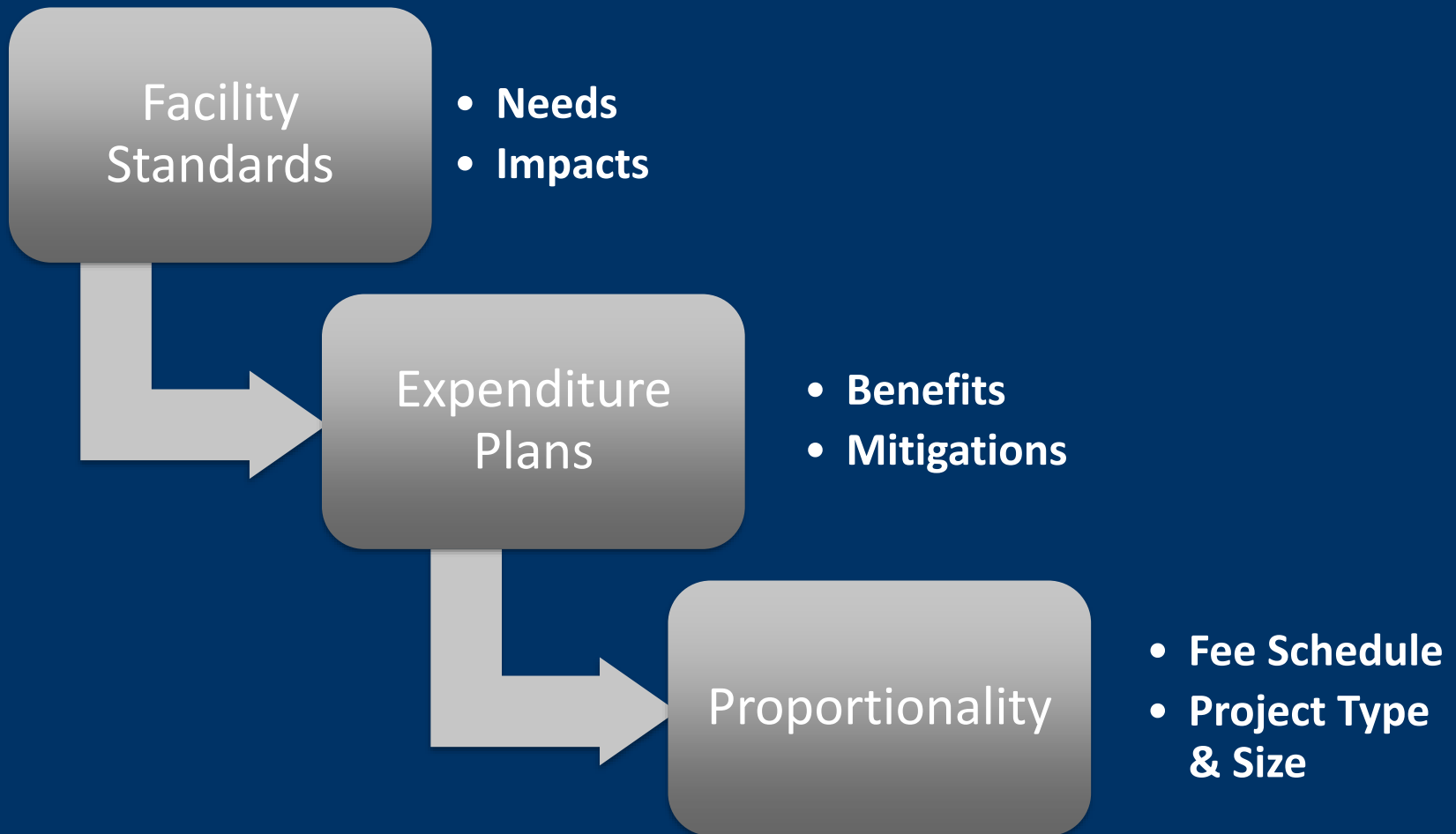
**2017 Growth & Infrastructure Consortium**

**Robert D. Spencer, Urban Economics**

# Exactions as Fees



# Legal Principles: Dual Nexus & Proportionality



# Facility Standards

## Demand Standard

- Physical measure of facility demand
- Use to quantify existing deficiencies

## Design Standard

- “What type” of facility not “how much”
- Allows for “what could be” but isn’t here now
- Existing deficiencies not clearly identified

## Cost Standard

- Facility costs per unit of growth
- Converts disparate facility elements into a single metric for fee calculation



# Five Cost Standards

**MAINTAIN EXISTING =**

$$\frac{\text{Existing Facilities}}{\text{Existing Service Pop.}}$$

**GREEN FIELD =**

$$\frac{\text{Planned Facilities}}{\text{New Service Pop.}}$$

**SYSTEM PLAN =**

$$\frac{\text{Existing + Planned Facilities}}{\text{Existing + New Service Pop.}}$$

**BUY IN =**

$$\frac{\text{Existing Facilities}}{\text{Existing + New Service Pop.}}$$

**NEW SERVICE =**

$$\frac{\text{Planned Facilities}}{\text{Existing + New Service Pop.}}$$

# Discussion

- **Legal principles**
  - Dual nexus and proportionality
  - “Facility standard” is the “gold” standard
- **Existing level of service**
  - Often, but not always relevant
- **Standards-based vs. Plan-based**
  - Obscures the critical importance of facility standards
  - Delete these terms from our vocabulary
- **Revenue credits**
  - Significant differences in practice?